

Robert Morrow



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FCC - MAILROOM

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May 5, 2003

FCC Appeal of SLD Denial of Appeal

CC Docket Nos. 96-45 and 97-21

Contact Information

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Note: Letter of Agency to act on behalf of Scott County Schools is attached

SLD Action Being Appealed:

Administrator's Decision on Appeal – Funding Year 2002-2003
Dated April 22, 2003 (attached)

471 Applications Involved

328913 (FRN 886667), 317430 (FRN 839046)

Case for Appeal

For Year 5 funding, Scott County Schools filed for basic telephone services, internet access, paging and a number of requests for items in the internal connections category. Upon review, the SLD noted that the vendor providing the internal connection items included a letter of credit to cover the applicant's portion of the costs, a violation of SLD regulations. The requests were denied. Scott County recognized its error -- which was unintentional -- and the SLD's decision was not appealed.

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List ABOVE

Scott County did appeal the denial of funding for internet access and paging services. The SLD's logic for the initial denial as well as the denial of the subsequent appeal was two-fold:

- The internal connections requests showed that the school district was counting on outside resources to meet its part of the funding commitments
- Because the 2002 Tennessee budget had not been finalized, there was no clear proof that Scott County's share of internet and paging expenses for the 2002-2003 year had been budgeted.

We disagree strongly with both conclusions.

The letter of credit offered in the internal connections contracts applied only to those items in the contracts. The offending Form 471 FRNs were correctly denied and not appealed. The reasoning behind the denial should not be selectively applied to other requests not involving that vendor.

The SLD did not apply its findings to basic services, probably because these services are not optional and must be annually budgeted, like heat and electricity, regardless of any outside support. To treat internet access differently ignores the fact that internet access is an integral part of the daily working of all Tennessee schools and is required by the state. Scott County Schools has funded internet service and paging services in the past and continues to do so today, even though it is currently receiving no e-rate funding for the 2002-2003 funding year. It does so because these services are as critical to the day-to-day activities of the school district as voice telephone service.

Scott County provided evidence during review and in its appeal that funding was budgeted for both items. In exhibit A, submitted April 2, 2002, it showed its proposed, but not yet approved, 2002-2003 budget. Line 71100-429, which includes basic service, long distance, cellular and paging expenses, is identical to the 2001-2002 budgets the district was operating under. Line 71100-722, which covers equipment and internet access expenses, increased by \$2,887,172, which corresponds to the applicant's share of the internal connections expenses requested (and denied) for Year 5.

From these figures it is obvious that the applicant's share of internet access and paging expenses were contained in the year 2001-2002 budgets. When appealing the funding denial, Scott County Schools certified (Exhibit B) that it was still operating under those 2001-2002 budgets. While this might have negatively affected a decision about the internal connections request had that decision been appealed, it reinforces the fact that money was indeed budgeted for internet and paging.

Scott County Schools has subsequently proved the validity of its evidence by paying all of its internet and paging bills without e-rate support. In its initial review, in its appeal and in its actions since that appeal Scott County Schools has clearly demonstrated that funding for internet and paging services was available and budgeted and the SLD's denial should be overturned.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Morrow". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Robert Morrow

Attachments: Budget information dtd April 2, 2002 (exhibit A)
Budget letter dtd July 29, 2002 (exhibit B)
USAC Administrator's Decision on Appeal dtd April 22, 2003
Letter of Agency from Scott County Schools

Scott County Board Of Education

Exhibit A

**P.O. Box 37
208 Court Street**

Huntsville, Tennessee 37756

**Mike Davis
Director Of Schools**

**Phone: (423) 663-2159
Fax: (423) 663-9682**

To: Universal Services Administrative Company
From: Mr. J. Mike Davis, Director of Schools and Archer Coppedge, II, Director of Technology
Subject: E-Rate Review
Date: April 2, 2002

Internet Access – 471 Application Number 328913

The Scott County School System is currently working on the development of our final budget for the 2002-2003 school year. We have enclosed a copy of the 2001-2002 budget and a working copy of what we would like to see for the 2002-2003 school year. It will be several months before our 2002-2003 budget is completed and approved. We will be happy to submit the 2002-03 budget for your review as soon as it is completed and approved.

Scott County School System is part of a statewide consortium for Internet Access. The vendor currently under contract is Educational Networks of America. We are currently waiting on final information from the State and ENA on our complete level of services for 2002-2003.

Scott County School System is planning to pay the non-discounted portion for Internet Access, Year 5, from code 71100-722. We are currently paying \$14,063.40 per year. This amount will be adjusted when the new level of services are announced to Scott County Schools.

We currently lease T-1 lines at all of our schools. At this time, the Tennessee State Department of Education has not informed us of our approved amount for services. We are waiting on the up-grade information from the State Department so that we can adjust our budget for 2002-2003.

The Tennessee State Department of Education will be sending you the additional information needed for this item. Lisa Cothron and Tom Bayersdorfer are our contacts from the Tennessee Department of Education. You can reach Tom Bayersdorfer at 615-532-1254 and Lisa Cothron at 615-532-2818.

Scott County Board Of Education

**P.O. Box 37
208 Court Street
Huntsville, Tennessee 37756**

**Mike Davis
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To: Universal Services Administrative Company
From: Mr. J. Mike Davis, Director of Schools and Archer Coppedge, II, Director of Technology
Subject: E-Rate Review
Date: April 2, 2002

Telecommunications – 471 Application Number 317430

The Scott County School System is currently working on the development of our final budget for the 2002-2003 school year. We have enclosed a copy of the 2001-2002 budget and a working copy of what we would like to see for the 2002-2003 school year. It will be several months before our 2002-2003 budget is completed and approved. We will be happy to submit the 2002-03 budget for your review as soon as it is completed and approved.

The Scott County School System participated in the RFP for the statewide consortium for Telecommunications, but was unable to participate in the bid process with the rest of the consortium. Due to the remote nature of Scott County there are very few providers of wireless telecommunication service. We currently have service with Tele-Page, Incorporated. This is submitted as Month-to-Month Service and does not require a signed copy of a contract with the service provider.

The amount above our discounted services will be paid at the district level from the following code, 71100-429. The funding to cover the non-discounted portion of this request for Year 5 will be similar to the amount in Year 4.

| ACCOUNT NO. | EXPENDITURES | (1) TOTAL ALL FUNDS | (2) GENERAL PURPOSE FUND 141 | (3) FEDERAL PROJECTS FUND 142 | (4) FOOD SERVICE FUND | (5) FUND |
|-------------|---|------------------------------|---------------------------------------|--|--------------------------------|-------------|
| 1 | INSTRUCTION - 71000 | | | | | 1 |
| 2 | REGULAR INSTRUCTION PROGRAM (71100) | | | | | 2 |
| 3 | 71100 116 Teachers | 5,296,013 | 4,876,811 | 419,202 | 0 | 0 3 |
| 4 | 71100 117 Career Ladder Program | 140,000 | 140,000 | 0 | 0 | 0 4 |
| 5 | 71100 127 Career Ladder Extended Contracts | 60,000 | 60,000 | 0 | 0 | 0 5 |
| 6 | 71100 128 Homebound Teachers | 0 | 0 | 0 | 0 | 0 6 |
| 7 | 71100 162 Clerical Personnel | 0 | 0 | 0 | 0 | 0 7 |
| 8 | 71100 163 Educational Assistants | 317,275 | 288,830 | 30,845 | 0 | 0 8 |
| 9 | 71100 189 Other Salaries & Wages | 0 | 0 | 0 | 0 | 0 9 |
| 10 | 71100 195 Substitute Teachers | 119,000 | 110,000 | 9,000 | | |
| 11 | 71100 201 Social Security | 367,245 | 339,354 | 27,891 | | |
| 12 | 71100 204 State Retirement | 188,207 | 172,612 | 15,595 | | |
| 13 | 71100 206 Life Insurance | 4,390 | 4,390 | 0 | | |
| 14 | 71100 207 Medical Insurance | 568,563 | 532,124 | 36,439 | | |
| 15 | 71100 208 Dental Insurance | 0 | 0 | 0 | 0 | 0 15 |
| 16 | 71100 210 Unemployment Compensation | 20,265 | 15,855 | 4,410 | 0 | 0 16 |
| 17 | 71100 212 Employer Medicare | 85,887 | 79,364 | 6,523 | 0 | 0 17 |
| 18 | 71100 299 Other Fringe Benefits | 0 | 0 | 0 | 0 | 0 18 |
| 19 | 71100 311 Contracts with Other School Systems | 0 | 0 | 0 | 0 | 0 19 |
| 20 | 71100 336 Maintenance & Repair Services - Equipment | 0 | 0 | 0 | 0 | 0 20 |
| 21 | 71100 356 Tuition | 0 | 0 | 0 | 0 | 0 21 |
| 22 | 71100 399 Other Contracted Services | 0 | 0 | 0 | 0 | 0 22 |
| 23 | 71100 429 Instructional Supplies & Materials | 204,580 | 145,000 | 59,580 | 0 | 0 23 |
| 24 | 71100 449 Textbooks | 120,000 | 120,000 | 0 | 0 | 0 24 |
| 25 | 71100 499 Other Supplies & Materials | 0 | 0 | 0 | 0 | 0 25 |
| 26 | 71100 535 Fee Waivers | 0 | 0 | 0 | | |
| 27 | 71100 599 Other Charges | 14,262 | 14,262 | 0 | | |
| 28 | 71100 722 Regular Instruction Equipment | 3,109,778 | 3,109,778 | 0 | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | 71100 TOTAL EXPEND. FOR REGULAR INSTR. PROGRAM | 10,615,483 | 10,006,178 | 609,305 | 0 | 0 31 |
| 32 | | | | | | 32 |
| 33 | | | | | | 33 |
| 34 | | | | | | 34 |
| 35 | | | | | | 35 |
| 36 | | | | | | 36 |
| 37 | | | | | | 37 |
| 38 | | | | | | 38 |
| 39 | | | | | | 39 |
| 40 | | | | | | 40 |

Archer Cappedge, II:
\$5,692 is to cover our portion of E-rate.
This covers 471 Application Numbers:
312636 313267 308813 317430

Archer Cappedge, II:
\$2,901,237 is to cover our portion of E-rate.
This covers 471 Application Numbers:
306621 and 328913

| ACCOUNT NO. | | | | | | | |
|-------------|-----------|---|-----------|-----------|-----------|----------------|-----------|
| | | INSTRUCTION - 71000 | ACTUAL | ACTUAL | Actual | Actual Request | Amended |
| | | REGULAR INSTRUCTION PROGRAM (71100) | 1998-1999 | 1999-2000 | 2000-2001 | 2001-2002 | 2001-2002 |
| 1 | 71100 116 | Teachers..... | 4,735,171 | 4,654,121 | 4,837,183 | 4,723,490 | 4,828,079 |
| 2 | 71100 117 | Career Ladder Program | 147,408 | 149,724 | 176,016 | 140,000 | 140,000 |
| 3 | 71100 127 | Career Ladder Extended Contracts..... | 46,200 | 60,050 | 58,150 | 60,000 | 60,000 |
| 4 | 71100 128 | Homebound Teachers..... | - | - | | | |
| 5 | 71100 162 | Clerical Personnel..... | - | - | | | |
| 6 | 71100 163 | Educational Assistants..... | 286,263 | 300,143 | 313,901 | 296,236 | 298,836 |
| 7 | 71100 189 | Other Salaries & Wages..... | - | - | | | |
| 8 | 71100 195 | Substitute Teachers | 107,639 | 109,453 | 103,312 | 110,000 | 110,000 |
| 9 | 71100 201 | Social Security | 338,047 | 374,017 | 337,986 | 327,096 | 339,188 |
| 10 | 71100 204 | State Retirement..... | 273,203 | 248,244 | 193,209 | 183,154 | 188,052 |
| 11 | 71100 206 | Life Insurance..... | - | - | | 4,250 | 4,390 |
| 12 | 71100 207 | Medical Insurance | 344,390 | 400,626 | 396,580 | 395,912 | 374,026 |
| 13 | 71100 208 | Dental Insurance..... | - | - | | | |
| 14 | 71100 210 | Unemployment Compensation | 736 | 6,726 | 11,672 | 15,855 | 15,855 |
| 15 | 71100 212 | Employer Medicare..... | 75,424 | 74,623 | 77,478 | 76,499 | 79,326 |
| 16 | 71100 299 | Other Fringe Benefits | - | - | | | |
| 17 | 71100 336 | Maintenance & Repair Services - Equipment | - | - | | | |
| 18 | 71100 356 | Tuition | - | - | | | |
| 19 | 71100 399 | Other Contracted Services | - | - | | | |
| 20 | 71100 429 | Instructional Supplies & Materials | 190,159 | 182,543 | 241,230 | 145,000 | 145,000 |
| 21 | 71100 449 | Textbooks | 115,506 | 111,966 | 110,332 | 120,000 | 120,000 |
| 22 | 71100 499 | Other Supplies & Materials..... | - | - | | | |
| 23 | 71100 599 | Other Charges | 7,906 | 13,580 | 12,170 | 6,000 | 14,282 |
| 24 | 71100 722 | Regular Instruction Equipment | 302,689 | 440,968 | 480,074 | 222,603 | 222,603 |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | 71100 | TOTAL EXPEND. FOR REGULAR INSTR. PROGRAM | 6,970,741 | 7,126,784 | 7,349,293 | 6,826,095 | 6,939,617 |

Scott County Board Of Education

P.O. Box 37

208 Court Street

Huntsville, Tennessee 37756

**Mike Davis
Director Of Schools**

**Phone: (423) 663-2159
Fax: (423) 663-9682**

To: Universal Services Administrative Company
From: Mr. J. Mike Davis, Director of Schools
Subject: Scott County Schools Budget and Scott County Court Resolution
Date: July 29, 2002

To Whom It May Concern:

As the Executive of Scott County, I attest to the fact that Scott County Court has passed a resolution to allow the Scott County Government, which includes the Scott County School System, to continue operating on the 2001-2002 budget.

This gives the Scott County School System the ability to operate as needed until such time that a final budget is passed.

If there is anything else that I can do to expedite this process, or if I can provide any additional information please feel free to contact me at: kljehfklpjshdlkjfhslkjfhslkjfhslkjfh